

Message Text

LIMITED OFFICIAL USE

PAGE 01 BOGOTA 06001 301555Z

63

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 AGR-05

EUR-12 SAJ-01 /106 W

----- 127072

R 272250Z JUN 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9410

LIMITED OFFICIAL USE BOGOTA 6001

E.O. 11652: NA

TAGS: EGEN CO

SUBJECT: ECONOMIC OVERVIEW BY PRESIDENT LOPEZ

1. IN LENGTHY PROLOGUE TO ANNOUNCEMENT THAT STATE OF SIEGE APPLIED NATIONWIDE (SEPTTEL), PRESIDENT LOPEZ IN RADIO-TV ADDRESS DESCRIBED ECONOMIC SUCCESSES OF HIS ADMINISTRATION CAPPED BY POSITIVE RESULTS OF JUST CONCLUDED CONSULTATIVE GROUP MEETING IN PARIS. HE SAID THAT THESE POSITIVE RESULTS WERE BASED ON HIS GOVERNMENT'S SUCCESSFUL TAX REFORM LAST YEAR. WITH APPROVAL OF FOREIGN CREDITS TOTALLING \$2.6 BILLION IN NEXT TWO YEARS, HE SAID, GOC WILL BEGIN INVESTING ON LARGE SCALE DURING SECOND HALF OF 1975 WITH MORE THAN \$400 MILLION WORTH OF PROJECTS TO BE STARTED.

2. THE PRESIDENT ANNOUNCED THAT MOST OF THESE INVESTMENTS WILL BE IN INFRASTRUCTURE, PARTICULARLY FOR THE BENEFIT OF INTERMEDIATE AND SMALLER CITIES I.E. ALL BUT BOGOTA, MEDELLIN AND CALI. EMPHASIS WILL BE ON PROVIDING POTABLE WATER SUPPLIES AND ELECTRIFICATION AND ON REFINERY PROJECTS FOR THE STATE PETROLEUM COMPANY. HE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BOGOTA 06001 301555Z

MENTIONED THAT SOVIET UNION WILL ASSIST IN THE ELECTRI-

CITY SECTOR, BUT PRINTED TEXT CONTAINS NO REFERENCE TO THIS NOR WAS LOPEZ SPECIFIC ABOUT SOVIET ASSISTANCE. (SOVIET EMBASSY HAS BEEN PRESSING THIS KIND OF AID ON GOC FOR SEVERAL YEARS, OCCASIONALLY TRYING TO ENLIST US EMBASSY TO FIND AMERICAN PARTNER TO COLLABORATE WITH SOVIETS ON VARIOUS COLOMBIAN HYDRO-ELECTRIC PROJECTS.)

3. HE NOTED THAT IN JUNE GOC HAS MADE ADDITIONAL \$40 MILLION AVAILABLE FOR CREDIT BY REDUCING PRIOR IMPORT DEPOSITS BY 5 PERCENT ELIMINATING PRIOR DEPOSIT FOR FOREIGN EXCHANGE DRAFTS, AND REDUCING RESERVE REQUIREMENT BY ONE PERCENT.

4. PRESIDENT LOPEZ WAS VERY OPTIMISTIC THAT NEW INTERNATIONAL COFFEE AGREEMENT IS IMMINENT. HE SAID NEWS FROM LONDON NEGOTIATIONS IS "VERY FAVORABLE, MORE SO THAN FOR MANY YEARS". REGARDING NON-TRADITIONAL EXPORTS (I.E. NON-COFFEE EXPORTS), HE SAID REGISTRATIONS THIS YEAR ARE ONLY \$20 MILLION LESS THAN LAST YEAR WITHOUT ALLOWING FOR APPROXIMATELY \$90 MILLION IN FICTITIOUS EXPORTS INCLUDED IN 1974 FIGURES.

FURTHERMORE, INFTMW OK #
FOREIGN EXCHANGE FOR SERVICE
PAYMENTS AT COLOMBIAN BORDER TOTALS \$100 MILLION MORE THIS YEAR THAN LAST. AND WITH DRASTIC REDUCTION OF EXPORT TAX CREDITS AS OF BEGINNING OF YEAR, THESE EXPORTS SIGNIFY MUCH LOWER DRAIN ON TAX REVENUES.
5. MINING SECOTR, AT LEAST GOD MINING, HAS REVIVED, ACCORDING TO PRESIDENT, WITH ESTIMATES RANGING FROM \$70 TO 100 MILLION FOR GOLD EARNINGS THIS YEAR. MANY TALK ABOUT UNEMPLOYMENT, HE SAID, WITHOUT MENTIONING NEW EMPLOYMENT GENERATED BY PANNING FOR GOLD.

6. FINALLY HE ARGUED THAT HIS UTILIZATION OF CONSTITUTIONAL ECONOMIC EMERGENCY PROVISIONS LAST YEAR HAS BEEN VINDICATED BY SUBSEQUENT ENDORSEMENT OF CONGRESS AND THE SUPREME COURT AND NOW BY THE APPROVAL OF CONSULTATIVE GROUP IN PARIS.

7. COMMENT: GOC HAS DISPLAYED RESULTS OF PARIS MEETING AS SIGNIFICANT ACHIEVEMENT OF LOPEZ GOVERNMENT. UPON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BOGOTA 06001 301555Z

RETURN FROM PARIS, FINANCE MINISTER BOTERO ANNOUNCED BEGINNING OF MAJOR INVESTMENT PROGRAM FOLLOWING FROM POSITIVE ASSESSMENT OF GOC ECONOMIC POLICIES BY INTERNATIONAL COMMUNITY. PRESIDENT LOPEZ HAS NOW TAKEN ADVANTAGE OF PARIS MEETING TO ATTEMPT TO SOFTEN IMPACT OF EXTENDED STATE OF SIEGE. CURIOUS ASPECT IS PRESIDENT'S UNCONVINCING PRESENTATION OF COLOMBIA'S ECONOMIC STRENGTHS. FOR EXAMPLE, NON-TRADITIONAL

EXPORTS MAY BE UP FROM LAST YEAR, AFTER DISCOUNTING LAST
YEAR'S FICTITIOUS EXPORTS, BUT HE FAILED TO MENTION
THAT COFFEE'S POOR SHOWING AHS KEPT TOTAL EXPORTS BELOW
1974 LEVEL. HS SUGGESTION THAT MORE GOLD MINING
ACTIVITY COMPENSATES FOR GREATER UNEMPLOYEMNT VERGES
ON THE UNREAL. AND TO IMLEY THAT PARIS MEETING SOMEHOW
APPROVED HIS GOVERNMENTS CONSTITUTUINAL MANEUVERS,
INSTEAD OF JUST THE TAX REFORM THUS IMPOSED, IS
INACCURATE. MOST SERIOUSLY, BOTH PRESIDENT LOPEZ AND
HIS FINANCE MINISTER CHOSE TO OVERLOOK COLOMBIA'S
INCREASINGLY OMINOUS PETROLEUM FUTURE. AS WE HAVE
SAID BEFORE, HOWEVER, DESPITE ALL THESE RESERVATIONS,
COLOMBIA'S ECONOMY DOES APPEAR TO BE REASONABLY HEALTHY.
VAKY

NOTE: # AS RECEIVED.

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC PROGRAMS, PRESS CONFERENCES, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BOGOTA06001
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750226-0884
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975067/aaaaafqp.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by MartinML>; APPROVED <05 NOV 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC OVERVIEW BY PRESIDENT LOPEZ
TAGS: EGEN, CO, (LOPEZ MICHELSON, ALFONSO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006